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1. According to the informant, Tito will not be able by any means to continue to play his game between the Soviet Union and the Allies. Tito, with the rest of the leadership of the Communist Party of Yugoslavia which is attached to him, sooner or later will be eliminated by the MGB. Informant supposes that many Yugoslav Communists are devoted to Moscow, but are temporarily concealed in accordance with orders from Moscow so as not to be arrested by the UDB. He is convinced that Sreten Zujevid and Andrija Hebrang (if they survive) or their followers will take over the leadership of the Communist Party of Yugoslavia, and that Yugoslavia will again join the bloc of Communist countries.
2. In the opinion of Informant, the cause of the clash between Moscow and Belgrade for the most part lies in questions of an economic nature. Tito devised a Five-Year Plan of great dimensions, counting on the full help of the other satellite states, and depending on machinery from Czechoslovakia and of shipments of raw materials from Rumania and Hungary. The basis of the Five-Year Plan was the exchange of products among those countries. In the meantime the greater part of the production of Yugoslavia was drawn off by the Soviet Union for herself; this consisted chiefly of the ores from the Bor and Trepoa mines. The Soviet Union also fixed the prices of the products imported by her from Yugoslavia without regard to the prices on the international market. On the other hand the prices of products which the Soviet Union exported into Yugoslavia were quite high. For these reasons the Five-Year Plan was upset, because the products remaining for export from Yugoslavia to Czechoslovakia, Hungary, and Rumania were not sufficient to cover the cost of the machinery and petroleum which were indispensable for the realization of the Plan.
3. Furthermore Czechoslovakia and Hungary were compelled to export a large quantity of machinery to the Soviet Union, and for this reason the production of these two countries was not able to cover the needs of Yugoslavia. Moscow thought the Yugoslav Plan fantastic and overly ambitious, and as a result rebuked Tito many times because he was unwilling to listen to the advice of the Russian specialists.
4. The Five-Year Plan aimed at increasing Tito's influence and at firmly establishing his regime. Finding himself in the situation described above, Tito considered securing part of the materials necessary for the Plan by importing them from the Western countries. For this purpose, without any

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definite notification to Moscow, he began to prepare the ground in that direction. Naturally Moscow opposed this, because a great part of the products of Yugoslavia which were being exported to the Soviet Union would necessarily be diverted to the West. This is the chief reason for the break between Moscow and Belgrade. This happened not because Tito diverged from Communist principles but because he wanted to achieve greater results in the economic field and in the more complete communization of his country, although it was impossible to realize these two objectives simultaneously. Thus he postponed the communization of the peasants, because he thought first of all that the opposition of the peasants would paralyze the application and success of the Five-Year Plan. Furthermore one should not forget the quarrel between Dimitrov of Bulgaria and Tito, not only because of their individual megalomania, but also over the question of Macedonia.

5. To this should be added the disagreement between Moscow and Belgrade on the question of foreign policy. Tito was convinced that Yugoslavia was not sufficiently stable to withstand a new war.
6. This disagreement between Moscow and Belgrade brought economic chaos into Yugoslavia. For this reason Tito was compelled to give up his Five-Year Plan, and temporarily he has planned priority projects for only one year. It is significant that Yugoslavia, in her negotiations with the Western states regarding commercial agreements, now insists that these shall be long-term agreements, and not temporary or one-year agreements as was the case originally. It is also significant that the willingness to compromise on the part of the representatives of Yugoslavia in the framing of commercial agreements with the Western Democracies indicates that Tito is trying by all means to secure the indispensable materials so that he will not have to postpone his principal projects.
7. Informant thinks that the commercial agreements with the West mean that Tito is not likely to turn completely towards the West or to desert his Communist principles. Still less does informant believe that Tito through these acts is preparing the ground for asylum for himself in the Western Democracies.

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